



A REPORT
TO THE
ARIZONA LEGISLATURE

Financial Audit Division

Financial Audit

Arizona Criminal Justice Commission

Drug and Gang Enforcement

Account Distributions

June 30, 2004



Debra K. Davenport
Auditor General

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Arizona Criminal Justice Commission
Report on Audit of Summary of
Drug and Gang Enforcement Account Distributions
June 30, 2004

Table of Contents	Page
Independent Auditors' Report	1
Summary of Drug and Gang Enforcement Account Distributions	2
Notes to Summary of Drug and Gang Enforcement Account Distributions	3



DEBRA K. DAVENPORT, CPA
AUDITOR GENERAL

**STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL**

WILLIAM THOMSON
DEPUTY AUDITOR GENERAL

Independent Auditors' Report

Members of the Arizona State Legislature

The Honorable Janet Napolitano, Governor

The Arizona Criminal Justice Commission

We have audited the accompanying Summary of Drug and Gang Enforcement Account Distributions for the year ended June 30, 2004, and from inception to June 30, 2004, pursuant to Arizona Revised Statutes §41-2402. This Summary is the responsibility of the Arizona Criminal Justice Commission's management. Our responsibility is to express an opinion on this Summary based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Summary is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Summary. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall summary presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Summary of Drug and Gang Enforcement Account Distributions was prepared for the purpose of complying with Arizona Revised Statutes §41-2402 as discussed in Note 1, and is not intended to be a presentation in conformity with generally accepted accounting principles.

In our opinion, the accompanying Summary of Drug and Gang Enforcement Account Distributions presents fairly, in all material respects, the Commission's distributions for the year ended June 30, 2004, and from inception to June 30, 2004, of Drug and Gang Enforcement Account monies by type of activity specified by Arizona Revised Statutes §41-2402.

As described in Note 6, the Commission changed its method of accounting for matching monies from subrecipients for the year ended June 30, 2004.

This report is intended solely for the information and use of the addressees, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

Dennis L. Mattheisen, CPA
Financial Audit Director

May 17, 2005

Arizona Criminal Justice Commission
 Summary of Drug and Gang Enforcement Account Distributions
 Year Ended June 30, 2004, and from Inception to June 30, 2004

Type of Activity	<u>Distributions for Year Ended June 30, 2004</u>			
	Federal	Nonfederal	Reversions	Total
Investigation	\$3,046,727	\$1,033,092		\$4,079,819
Prosecution:				
State and county prosecution	3,015,720	892,606	\$ (1,366)	3,909,692
City and town prosecution	165,927	68,326		234,253
Adjudication		2,738,032	10,397	2,727,635
Detention		369,004		369,004
Forensics		681,351		681,351
Arizona Drug and Gang Prevention Resource Center		262,000		262,000
Criminal Justice Records Improvement Program	<u>606,640</u>	<u>91,285</u>	<u>8,938</u>	<u>688,987</u>
Total distributions for year ended June 30, 2004	<u>\$6,835,014</u>	<u>\$6,135,696</u>	<u>\$17,969</u>	<u>\$12,952,741</u>

Type of Activity	<u>Distributions from Inception in August 1987 to June 30, 2004</u>			
	Federal	Nonfederal	Reversions	Total
Investigation	\$44,762,005	\$19,180,062	\$1,468,172	\$ 62,473,895
Prosecution:				
State and county prosecution	40,260,187	18,348,449	520,889	58,087,747
City and town prosecution	3,450,819	1,666,607	208,706	4,908,720
Adjudication	3,748,748	33,058,430	1,150,549	35,656,629
Detention	1,381,173	5,633,545	64,605	6,950,113
Drug abuse education	1,183,862	190,123	44,764	1,329,221
Forensics	1,641,917	6,809,049	39,277	8,411,689
Arizona Drug and Gang Prevention Resource Center		2,789,600		2,789,600
State General Fund		200,000		200,000
Criminal Justice Records Improvement Program	5,220,483	1,626,222	130,583	6,716,122
State matching for Byrne Formula Grant Program (formerly entitled Drug Control and System Improvement—Formula Grant)	<u>(2,894,192)</u>	<u>2,894,192</u>	<u> </u>	<u> </u>
Total distributions from inception to June 30, 2004	<u>\$98,755,002</u>	<u>\$92,396,279</u>	<u>\$3,627,545</u>	<u>\$187,523,736</u>

See accompanying notes to summary.

Arizona Criminal Justice Commission
Notes to Summary of Drug and Gang Enforcement Account Distributions
Year Ended June 30, 2004, and from Inception to June 30, 2004

- Note 1 - Arizona Revised Statutes (A.R.S.) §41-2402(A) established the Drug and Gang Enforcement Account (Account) within the Criminal Justice Enhancement Fund to be used for the purpose of enhancing efforts to deter, investigate, prosecute, adjudicate, and punish drug offenders and members of criminal street gangs. To fund this effort, A.R.S. §41-2402(B) and (C) require the Arizona Criminal Justice Commission (Commission) to distribute monies from the Account within prescribed limits based on a plan of expenditures submitted to the Joint Legislative Budget Committee. Further, A.R.S. §41-2402(F) requires that any federal monies or state matching monies in the Account be allocated by the Commission pursuant to a plan approved by the federal government, notwithstanding the limitations prescribed in subsection B of the statute. The Summary of Drug and Gang Enforcement Account Distributions presents the results of such funding by type of activity specified by A.R.S. §41-2402 for the year ended June 30, 2004, and since the Account's inception in August 1987 to June 30, 2004.
- Note 2 - The proceedings of the Commission's open meeting, dated May 15, 2003, and submitted to the Joint Legislative Budget Committee established the proposed distribution by activity (i.e., investigation, prosecution, adjudication, detention, and so forth) for the Account.
- Note 3 - Nonfederal distributions for the Arizona Drug and Gang Prevention Resource Center were made from state appropriations of the fees collected pursuant to A.R.S. §12-284(E). For all other activities, nonfederal distributions were made from fines and forfeits collected pursuant to A.R.S. §13-811(C) and the federally mandated matching contributions to the program made by the subrecipients.
- Note 4 - Reversions consist of adjustments resulting from subrecipient-monitoring reviews performed by the Commission. These reversions are either deposited into the Account for redistribution in the following year or reverted to the federal government.
- Note 5 - 42 United States Code §3759(a) requires each state receiving federal Byrne Formula Grant Program monies to allocate at least 5 percent of its total grant award for the improvement of criminal justice records. Such distributions were made from federal and subrecipient matching Byrne Formula Grant Program monies to the Criminal Justice Records Improvement Program.
- Note 6 - During the year ended June 30, 2004 the Commission changed its method of accounting for subrecipient matching monies. Matching monies from subrecipients are no longer collected by the Commission and distributed from the Drug and Gang Enforcement Account. Subrecipients report spent match monies on their monthly financial reports. For the year ended June 30, 2004 and subsequent, subrecipient match monies are excluded from the summary as they are no longer considered distributions from the account. However, total inception to June 30, 2003 nonfederal distributions include subrecipient matching monies.